



STATE OF MICHIGAN

RICK SNYDER
GOVERNOR

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

SCOTT WOOSLEY, CFA
EXECUTIVE DIRECTOR

December 21, 2012

Dear Management Agent:

Remember to retain the Escrow Analysis statements you receive in December for the year-end audit. Based on the December Tax and Insurance Escrow Analysis, the following actions are in the process of being taken:

Total Escrow Deficits

If an escrow deficit exists, the MSHDA Finance staff will attempt to fund the deficit from the following sources:

1. The opposite (tax or insurance) escrow's surplus, if available.
2. Operating Reserve Cash (ORC) Escrow, or
3. DCE Interest Escrow

The December Activity Statement will reflect any transfers that took place to help fund a "Total Escrow Deficit" amount. If the "Total Escrow Deficit" cannot be resolved through transfers from the above accounts, the outstanding amount must be funded by **January 25th** from either the development's operating account or the owner.

Payments made by check need to clearly identify whether the payment is for a Tax or an Insurance deficit. If you are unable to fund the deficit, you must notify your assigned Asset Manager to make other arrangements on or before the specified due date.

Note: Adequate funding of the Tax and Insurance Escrow accounts is a Mandatory Factor in awarding Premium Management Fees (PMF).

Total Escrow Surplus

If a "Total Escrow Surplus" exists, the surplus should show as transferred to the development's ORC account on the December Activity Statement.

Asset Management Division
Michigan State Housing Development Authority